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MEMORANDUM FOR: *D/L* ~~Acting Deputy Director for Administration~~

SUBJECT : Agenda Item for [REDACTED] Conference

REFERENCE : Multiple Adse Memo dtd 27 Aug 74 fr ADD/A,  
same subject

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1. The Management by Objective system (MBO) provides some advantages over the preceding Management Improvement Program. These advantages stem primarily from the periodic reporting system which requires management at various levels to maintain an awareness of their goals and to strive toward a final accomplishment rather than neglect and abandonment under adverse circumstances.

2. Since the present MBO system originated there has been substantial improvement in the formulation of meaningful and measurable objectives at all Directorate levels. With proper structuring of the objectives in the future, it is hoped that the evaluation systems can, in turn, become more objective and worthwhile. Too many of our objectives in the past have actually been program plans, which may have been a hold-over from the old Management Improvement Program. Such plans can be assumed to achieve results in terms of increased efficiency or effectiveness, but no such achievements are specifically stated to be expected as a result of completing the plans and programs. For example, objectives assigned to the Office of Logistics are often of the "review" and "report" variety, with the report becoming the so-called objective and milestone target. Such a review and report may be a planning mechanism, but the report itself should not be construed as an objective. If action is taken as a result of the report, such action can be established on an objective and milestone accomplishment basis.

3. MBO, as presently constituted, is not entirely clear, since important aspects of management, e.g., budget and personnel levels are treated outside of the MBO system. Since objectives must ultimately depend to a great extent on resources, there tends to be an over-cautious approach to formulating new objectives that have any degree of risk. If we only establish objectives that have a 100 percent assurance of success, they become mere window

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dressings. Some degree of failure should become acceptable so that we can set our sights higher, with full assurance that risk is a necessary part of any real gains in performance and that resources may be consumed as a result of such risks.

4. The principle of the MBO reporting system is good, but we have gone overboard on it. On many objectives, not enough transpires between the frequent reports to make them meaningful. As a result, they are loaded with repetition and trivia. The reporting system should be re-established on a realistic basis so that milestones will become substantial accomplishments rather than infinitesimal fragments of action.

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[REDACTED]  
Director of Logistics

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OL/P&amp;PS:FC [REDACTED] :jw/3357 (3 Sep 74)

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*9/3/74*<sup>2</sup>  
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